

## Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06397 01 OF 02 171339Z

42

ACTION EB-06

INFO OCT-01 ISO-00 AF-04 ARA-06 EA-06 EUR-08 NEA-06 RSC-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01

INR-05 INT-05 L-01 LAB-01 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 IO-04 DRC-01 /103 W

----- 022830

R 171200Z OCT 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 8749

INFO AMEMBASSY ANKARA

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY COLOMBO

AMEMBASSY COPENHAGEN

AMEMBASSY GUATEMALA

AMEMBASSY THE HAGUE

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06397 01 OF 02 171339Z

AMEMBASSY QUITO

AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 6397

E.O. 11652: N/A  
TAGS: ETRD GATT  
SUBJECT: OCT 14-15 MEETING OF TNC GROUP 3(F) (TROPICAL PRODUCTS)

1. SUMMARY. GROUP COMPLETED ITS SUBSTANTIVE WORK ON FIRST DAY OF MEETING AND APPROVED ITS REPORT TO THE TNC WITHOUT DISAGREEMENT ON OCT 15. GROUP DISCUSSED NOTES PREPARED BY SECRETARIAT ON ADDITIONAL TROPICAL PRODUCTS OF PARTICULAR INTEREST TO LDC'S. SOME EXTENSIVE EXCHANGES OCCURRED BETWEEN DC'S AND LDC'S ON SUBJECT OF TARIFF RECLASSIFICATION OF TROPICAL PRODUCTS AS A TECHNIQUE FOR TRADE LIBERALIZATION. CONSENSUS WAS REACHED THAT IMPRECISION IN CALCULATING EFFECTIVE TARIFFS LIMITED USEFULNESS OF THIS CONCEPT TO IDENTIFYING AREAS OF SPECIAL LDC INTEREST. RELATIVELY LITTLE DISCUSSION DEVELOPED IN RESPONSE TO A REPORT OF THE WORK OF GROUP 3(F) ON PRODUCTS JOINTLY CONSIDERED BY 3(E) AND 3(F). DISCUSSION RELATING TO PRICE MECHANISMS CENTERED UPON EXPORT EARNINGS AND PRICE STABILIZATION ARRANGEMENTS. GROUP 3(F) CONCLUDED THATS ITS WORK SUBSTANTIALLY COMPLETE BUT THAT SECRETARIAT WOULD HAVE TO CONTINUE WORK AS SUGGESTED BY VARIOUS DELEGATIONS ON TROPICAL PRODUCT TRADE PROBLEMS PRIOR TO AND DURING SUBSTANTIVE NEGOTIATIONS. END SUMMARY.

2. ADDITIONAL COMMODITIES. THE DISCUSSION ON TROPICAL CUT FLOWERS, ESSENTIAL OILS AND RESINOIDS, AND SHELLAC, STICKLAC AND OTHER LACS FOCUSED ON THE REMAINING BARRIERS TO TRADE IN DEVELOPED COUNTRIES. THE CONSENSUS OF THOSE DEVELOPING COUNTRIES PARTICIPATING IN THE DISCUSSION--BRAZIL, COLUMBIA, GUATEMALA, INDIA, INDONESIA AND THAILAND--

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 06397 01 OF 02 171339Z

WAS THAT THERE WAS ROOM FOR FURTHER LIBERALIZATION AND SUGGESTED, INTER ALIA, THE EXTENSION AND/OR IMPROVEMENT OF GSP SCHEMES, AND TARIFF RECLASSIFICATION AS TWO APPROPRIATE TECHNIQUES FOR LIBERALIZATION. SEVERAL DELEGATIONS CITED COMPETITION FROM SYNTHETICS AS A PARTICULAR PROBLEM TO TRADE IN ESSENTIAL OILS AND SHELLAC, STICLAC AND OTHER LACS. COMMENT: WITH RESPECT TO ESSENTIAL OILS, THE

USG MAY WISH TO EXAMINE FURTHER THE QUESTION OF  
CROSS COMPETITION IN ITS EXPORTS OF ESSENTIAL OILS  
WITH THOSE OF THE DEVELOPING COUNTRIES.

3. TARIFF CLASSIFICATION. IN RESPONSE TO EARLIER  
REQUESTS BY INDIA AND MEXICO FOR THE SECRETARIAT TO  
STUDY THE POSSIBILITIES OF TRADE LIBERALIZATION  
BY BREAKING TROPICAL PRODUCTS OUT OF BASKET CATEGOR-  
IES, SECRETARIAT PRESENTED SEVERAL OPTIONS WHICH  
MIGHT BE FOUND FEASIBLE (SEE PARA 6, MTN/3F/W/20).  
INDIA TOOK POSITION THAT SECRETARIAT'S NOW WAS REALLY  
CONCLUSION OF GROUP THAT THIS APPROACH SHOULD BE FOLLOWED  
AND ATTEMPTED TO SUPPLEMENT NOTE WITH THEIR OWN  
PROPOSALS. NAPAN SUPPORTED BY U.S. AND EC DISAGREED,  
MAINTAINING THAT IT  
WOULD BE PREMATURE TO DRAW CONCLUSIONS  
ABOUT THIS APPROACH AS A NEGOTIATING TECHNIQUE  
BEFORE GENERAL RULES HAVE BEEN AGREED UPON. U.S. STRESSED  
THAT GROUP HAD NO AUTHORITY TO DRAW CONCLUSIONS  
ON THIS TECHNIQUE BUT COULD ONLY LIST OPTIONS. CONSENSUS  
WAS TO KEEP OPEN POSSIBILITY OF USING TARIFF  
RECLASSIFICATION AS SUPPLEMENTARY TECHNIQUE IN NEGO-  
TIATIONS AND THAT TECHNICAL WORK SHOULD CONTINUE.  
IN THIS REGARD, U.S. SUGGESTED IT WOULD BE DESIRABLE  
TO COMPILE:  
(A) LIST OF TROPICAL PRODUCTS NOTIFIED CITING  
NOTIFYING COUNTRIES;  
(B) LIST TARIFF HEADINGS OF SIGNIFICANT IMPORT-  
ING COUNTRIES FOR THE PRODUCTS NOTIFIED.  
(C) EXPORT DATA FOR EACH PRODUCT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06397 02 OF 02 171434Z

45

ACTION EB-06

INFO OCT-01 ISO-00 AF-04 ARA-06 EA-06 EUR-08 NEA-06 RSC-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01

INR-05 INT-05 L-01 LAB-01 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 IO-04 DRC-01 /103 W

----- 023315

R 171200Z OCT 74

FM USMISSION GENEVA  
TO SECSTATE WASHDC 8750  
INFO AMEMBASSY ANKARA  
AMEMBASSY BANGKOK  
AMEMBASSY BERN  
AMEMBASSY BOGOTA  
AMEMBASSY BONN  
AMEMBASSY BRASILIA  
USMISSION EC BRUSSELS  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CANBERRA  
AMEMBASSY CARACAS  
AMEMBASSY COLOMBO  
AMEMBASSY COPENHAGEN  
AMEMBASSY GUATEMALA  
AMEMBASSY THE HAGUE  
AMEMBASSY ISLAMABAD  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY LAGOS  
AMEMBASSY LONDON  
AMEMBASSY MANILA  
AMEMBASSY MEXICO  
AMEMBASSY NEW DELHI  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
USMISSION OECD PARIS UNN  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06397 02 OF 02 171434Z

AMEMBASSY QUITO  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 6397

4. EFFECTIVE PROTECTION AND INTERNAL TAXES. IN DISCUS-  
SION OF SECRETARIAT PAPER WHICH WAS UPDATE OF EARLIER COMMITTEE ON  
TRADE AND DEVELOPMENT STUDY, U.S. TOOK LEAD IN POINTING  
OUT PRACTICAL SHORTCOMINGS OF USE OF EFFECTIVE PRO-  
TECTION MEASURES AS ACCURATE MEASURE OF PROTECTION.  
U.S. CITED UNRELIABILITY OF INPUT/OUTPUT DATA, AND  
PROBLEMS IN DISAGGREGATING TO TARIFF LINE LEVELS AS  
SOME MAJOR PROBLEMS WHICH WOULD PREVENT THIS APPROACH  
FROM BECOMING BASIS FOR NEGOTIATIONS. U.S. SUGGESTED  
INSTEAD THIS CONCEPT COULD BE USEFUL IN OBTAINING RANGES OF

EFFECTIVE PROTECTION WHICH TOGETHER WITH TARIFF ESCALATION FIGURES COULD BE USEFUL IN PINPOINTING AREAS OF PARTICULAR LDC INTEREST. BRAZIL REQUESTED SECRETARIAT EXTEND STUDY TO IDENTIFY THOSE AREAS AND TO UPDATE ORIGINAL STUDY, AND, WHILE RECOGNIZING IMPRECISION IN EXERCISE, REQUESTED SECRETARIAT TO ATTEMPT EFFECTIVE PROTECTION CALCULATIONS FOR SEVERAL PRODUCTS INCLUDING COCOA PRODUCTS. SECRETARIAT WAS ABLE TO OBTAIN CONSENSUS TO RE-EXAMINE AND UPDATE EXISTING STUDY BUT WAS GIVEN SOME DISCRETION IN UNDERTAKING FURTHER WORK DEPENDING ON AVAILABILITY OF DATA. BRAZIL SUGGESTED THAT IF INTERNAL TAXES WERE MARGINAL FROM IMPORTER'S POINT OF VIEW, THEY SHOULD BE REMOVED AT LEAST TEMPORILY TO ASSESS TRADE IMPACT. INDIA SUGGESTED IF REMOVAL SUCH TAXES IMPRACTICAL, MIGHT BE POSSIBLE FOR IMPORTING COUNTRY TO REBATE PROCEEDS AS SUGGESTED IN AN UNCTAD DOCUMENT.

5. PRODUCTS EXAMINED BY GROUP 3(E): DISCUSSION BY GROUP 3(F) WAS CONFINED TO TOBACCO AND OILSEED, OILS AND OIL CAKE. INDIA REFERRED TO ITS STATEMENT PRESENTED IN GROUP 3(E) (MTN/3E/W/27) IN WHICH IT WAS POINTED OUT THAT INDIAN TOBACCO COULD COMPETE WITH SOME GRADES OF U.S. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 06397 02 OF 02 171434Z

TOBACCO IN EC AND JAPANESE MARKETS BUT IS DISADVANTAGED BY IMPORT SYSTEMS OF THESE COUNTRIES WHICH FAVOR HIGH PRICED TOBACCO. INDIA SUGGESTED THAT ALL POINTS CONTAINED IN THEIR STATEMENT (IN 3(E)) BY FULLY TAKEN UP IN TROPICAL PRODUCTS GROUP. INDIA ALSO REQUESTED THAT VIRGINIA TOBACCO BE INCLUDED IN THE INDICATIVE LIST OF TROPICAL PRODUCTS FOR NEGOTIATIONS. TURKEY STATED THAT THERE WERE MANY KINDS OF TOBACCO AND THAT TROPICAL PRODUCTS GROUP NEEDED TO IDENTIFY PROBLEMS OF TOBACCO PRODUCED IN TROPICAL AREAS. WITH REGARD TO GLOBAL STUDY OF FATS AND OILS NIGERIA STATED THAT ALL TROPICAL OILSEEDS SHOULD BE SEPARATED OUT AND STUDIED. MALAYSIA STATED THAT DISTINCTION SHOULD BE MADE BETWEEN OILS THAT CAN BE EXPORTED AS OIL ONLY (E.G. PALM) AND THOSE WHICH COULD BE EXPORTED IN OTHER FORMS. DEVELOPING COUNTRIES IN GENERAL WERE OF VIEW THAT IT WOULD BE POSSIBLE TO CONSIDER REMOVAL OF BARRIERS AFFECTING TRADE IN TROPICAL OILSEEDS AND OILS, WITHOUT WAITING FOR ACTION ON OTHER SEEDS AND OILS.

6. PRICE DEVELOPMENTS: THE SECRETARIAT CIRCULATED A NOTE SUMMARIZING RECENT DISCUSSIONS AND PROPOSALS IN OTHER INTERNATIONAL BODIES WITH RESPECT TO RECENT PRICE MOVEMENTS FOR CERTAIN TROPICAL PRODUCTS. NIGERIA POINTED OUT THAT MTN IS TO GIVE ATTENTION TO THE PROBLEM OF PRICE

STABILITY AS WELL AS MARKET ACCESS. NIGERIA REQUESTED SECRETARIAT STUDY ON USE OF AUTOMATIC MECHANISM FOR ADJUSTING PRICES IN ANY COMMODITY ARRANGEMENT (PRICE INDEXATION) IN ORDER TO ACHIEVE STABLE PRICES AT REMUNERATIVE LEVELS; AND HOW THE PROBLEM OF COMMODITY SPECULATION MIGHT BE ISOLATED FROM SUCH ARRANGEMENTS. MALAYSIA STATED IT HAD HAD SOME EXPERIENCE WITH PRICE STABILIZATION SCHEMES AND SUGGESTED SECRETARIAT PAPER ON POSSIBLE APPLICATION OF EC'S SCHEME TO COCOA, TEA, COFFEE AND BANANAS. MALAYSIA ALSO REQUESTED SECRETARIAT PAPER ON PRESENT EC-ACP EXPORT EARNINGS STABILIZATION PROPOSAL. EC WELCOMED LONG OVERDUE LDC CONSIDERATION OF ISSUE EC FEELS IT IMPORTANT. EC MENTIONED SUGAR AND RICE AS TWO PRODUCTS OF INTEREST TO TROPICAL PRODUCTS GROUP WHICH LEND THEMSELVES TO PRICE STABILIZATION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 06397 02 OF 02 171434Z

SCHEMES AND EC SUGGESTED THAT EXAMINATION POSSIBLE USE OF PRICE STABILIZATION SCHEMES COULD BEGIN AFTER NEXT TNC.

7. OTHER ITEMS: US, RESPONDING TO A QUESTION ON U.S. PHYTO-SANITARY REGULATIONS ON MANGOES RAISED BY INDIA AT PREVIOUS MEETINGS, POINTED OUT THAT IMPORTS OF FRESH MANGOES WERE PROHIBITED NOT ONLY FROM INDIA BUT ALSO FROM HAWAII UNDER EXISTING PHYTO-SANITARY REGULATIONS. U.S. STATED ITS WILLINGNESS TO EXAMINE FURTHER WITH INTERESTED EXPORTING COUNTRIES (I.E. INDIA) WAYS OF FINDING SOLUTIONS TO PROBLEMS POSED BY PHYTO-SANITARY REGULATIONS. INDIA THANKED U.S. FOR INFORMATION AND STATED THEY MAY WISH TO HAVE BILATERAL CONSULTATIONS ON THESE PROBLEMS. GUATEMELA REQUESTED SECRETARIAT ASSISTANCE IN IDENTIFYING PROBLEMS WHICH THAT COUNTRY IS FACING WITH RESPECT TO DECLINING EXPORTS OF CARDOMONS. GUATEMELA STATED EXPORTS WERE LESS THAN \$1 MILLION IN 1963, \$4 MILLION IN 1970 AND \$2.5 MILLION IN 1972. BRAZIL DREW ATTENTION TO THE QUESTION OF SPECIAL PREFERENCES AS A PARTICULAR PROBLEM FACING SOME DEVELOPING COUNTRIES AND REQUESTED THAT IT BE GIVEN DUE CONSIDERATION IN THE SECRETARIAT'S ON-GOING WORK. DALE

LIMITED OFFICIAL USE

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TROPICAL PRODUCTS, TARIFF NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 OCT 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974GENEVA06397  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740295-1056  
**From:** GENEVA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741040/aaaabhus.tel  
**Line Count:** 322  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 APR 2002 by boyleja>; APPROVED <31 JUL 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OCT 14-15 MEETING OF TNC GROUP 3(F) (TROPICAL PRODUCTS)  
**TAGS:** ETRD, GATT, TNC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005